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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91196926
Party	Defendant Dorfman-Pacific Co.
Correspondence Address	MICHAEL JAMES CRONEN ZIMMERMAN & CRONEN LLP 1330 BROADWAY, SUITE 710 OAKLAND, CA 94612-2506 UNITED STATES mcronen@zimpatent.com
Submission	Motion to Suspend for Civil Action
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Date	09/22/2011
Attachments	DORFMANPleadAmendedCompl.pdf (15 pages)(1065030 bytes) DORFMANPleadAnswerCounterclaims.pdf (23 pages)(144782 bytes)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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GMA ACCESSORIES, INC.,

Plaintiff,

Docket No.: 11-CV-3731(RJH)(THK)

FIRST AMENDED COMPLAINT

- against -

DORFMAN-PACIFIC CO., INC.

Defendant.

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Plaintiff, GMA Accessories, Inc., (hereinafter “GMA”), brings this complaint against Defendant DORFMAN-PACIFIC CO., INC. (hereinafter “DORFMAN”), alleging upon information and belief as follows:

NATURE OF THE CASE

Without permission from GMA, and with full knowledge that GMA was the registered owner of the mark CAPELLI, in 2009, DORFMAN started to use and has been using the word mark CAPPELLI to identify bags and hats. DORFMAN’s use is an intentional and bad faith infringement of GMA’s CAPELLI trademark and will continue unless arrested by this honorable Court.

In 2006, the Trademark Trial and Appeal Board (“TTAB”) canceled CAPPELLI STRAWORLD INC.’s (hereinafter “STRAWORLD INC”) registration for the CAPPELLI mark. In 2009, DORFMAN purchased STRAWORLD INC. and reapplied for registration under the theory that its application for CAPPELLI STRAWORLD is different than CAPPELLI and that it is not bound by the TTAB’s 2006 ruling.

PARTIES

1. Plaintiff, GMA is a corporation, duly organized and existing under the laws of the State of New York, with a place of business at 1 East 33rd Street, New York, New York.
2. GMA does business as “Capelli”.
3. Defendant DORFMAN-PACIFIC CO., INC. is a corporation duly organized and existing under the laws of the State of California, with its principle place of business located at 2615 Boeing Way, Stockton, California 95206.
4. Defendant and its customers, with full knowledge and consent of Defendant DORFMAN are using the word mark CAPPELLI to display, market, distribute and sell merchandise to the public.
5. Defendant is now displaying, marketing, distributing and selling merchandise bearing tags or labels with the CAPPELLI mark and/or marks substantially indistinguishable from CAPPELLI, including CAPPELLI STRAWORLD.

JURISDICTION AND VENUE

6. This is an action for unfair competition, federal trademark infringement, federal and state dilution, and common law infringement pursuant to the Lanham Act, 15 U.S.C. Section 1121 and 28 U.S.C. Sections 1331, 1338(a) and (b). The Court has supplemental jurisdiction over the common law trademark infringement and unfair competition claim and the trademark dilution claim under the laws of New York pursuant to 28 U.S.C. Section 1367.
7. Venue is proper under 28 U.S.C. Sec. 1391 (b), and (c) and Sec. 1400 (a).

FACTS

8. Each of the CAPELLI federal registrations owned by GMA pre-date the uses by Defendant of the words CAPPELLI and/or CAPPELLI STRAWORLD.
9. DORFMAN alleges use of the CAPPELLI STRAWORLD mark as early as September 23, 2009.
10. GMA's June 5, 2007 registration of CAPELLI in Class 25 shows use as early as 1991.
11. Since 2007, GMA has been and is now the title owner of Registration # 3,248,875 for the mark CAPELLI in International Class 25.
12. Since 2007, GMA has been and is now the title owner of Registration # 3,241,182 for the mark CAPELLI in International Class 14.
13. Since 2007, GMA has been and is now the title owner of Registration # 3,241,184 for the mark CAPELLI in International Class 24.
14. Since 2007, GMA has been and is now the title owner of Registration # 3,246,017 for the mark CAPELLI in International Class 09.
15. Since 2007, GMA has been and is now the title owner of Registration # 3,258,734 for the mark CAPELLI in International Class 03.
16. Since 2007, GMA has been and is now the title owner of Registration # 3,273,451 for the mark CAPELLI in International Class 28.
17. Since 2007, GMA has been and is now the title owner of Registration # 3,322,312 for the mark CAPELLI in International Class 26.

18. Since June, 2011, GMA has been and is now the title owner of Registration # 3,978,297 for the mark CAPELLI in International Class 35.
19. Defendant commenced use of the CAPPELLI STRAWORLD mark no earlier than 2009.
20. Bags are related to goods for which CAPELLI is registered to GMA.
21. GMA's mark CAPELLI is inherently distinctive as to bags, hats and headgear.
22. GMA's mark CAPELLI has acquired distinctiveness as to bags, hats and headgear.
23. Since at least September 23, 2009, Defendant has used the CAPPELLI mark as described herein.
24. Since at least September 23, 2009, Defendant DORFMAN has sold an infringing line of CAPPELLI bags and hats.
25. Defendant was aware or should have been aware of the GMA marks before it began to use CAPPELLI and/or CAPPELLI STRAWORLD.
26. Defendant along with its customers and agents are intentionally infringing and has in the past intentionally infringed upon the CAPELLI mark.

COUNT I – INFRINGEMENT OF FEDERALLY REGISTERED TRADEMARK
(15. U.S.C. 1114(1))

27. GMA repeats and realleges the allegations of paragraphs 1 through 26 as if fully set forth herein.
28. GMA owns U.S. Trademark Registration # 3,248,875 for CAPELLI in Class 25 for *inter alia* Bandanas; Belts; Berets; Blazers; Blouses; Boots; Clothing, Cravats; Ear muffs; Earbands; Gloves; Moccasins; Mufflers; Neck bands; Neck gaiters; Neckkerchiefs; Neckwear; Rain boots; Slippers.

29. The aforementioned goods are goods related to the bags and hats that Defendant advertises and sells in connection with marks confusingly similar to CAPELLI.
30. The goods that Defendant sells are also related to the goods contained in GMA's registrations in Classes 14, 24, 09, 03, 28, 35 and 26.
31. Long after the adoption and use by GMA of the CAPELLI Trademark, and with both actual and constructive notice of the registration of the GMA Trademarks, Defendant knowingly and intentionally used reproductions, counterfeits, copies or colorable imitations of the CAPELLI Trademark to market, promote, identify design, manufacture, sell and distribute goods related to Class 25.
32. The acts of Defendant complained of herein have been without the authorization or consent of GMA.
33. Defendant's wrongful use of the name CAPPELLI comprises an infringement of GMA's trademark CAPELLI and is likely to cause confusion, mistake and deception of the public as to the identity and origin of GMA's goods.
34. Defendant's acts alone and via its customers have caused and will continue to cause irreparable harm and injury to GMA.
35. The word mark CAPPELLI is a counterfeit of the registered trademark CAPELLI.
36. The activities of Defendant, complained of herein, constitute infringement of the GMA Trademarks in violation of 15 U.S.C. 1114(1).

COUNT II-FALSE DESIGNATIONS OF ORIGIN (15 U.S.C. 1125(a))

37. GMA repeats and realleges the allegations of paragraphs 1 through 36 as if fully set forth herein.

38. GMA has been using the mark CAPELLI to market and sell headgear and hats since 1991.

39. GMA has been using the mark CAPELLI to market and sell bags since 1993.

40. Having adopted and used the CAPELLI mark after GMA, Defendant and its customers are junior users of the mark.

41. GMA has priority in the CAPELLI mark as to bags, hats and headgear.

42. Defendant's use of GMA's mark results in confusion as to sponsorship, association, source and origin of GMA and Defendant's products.

43. The acts of Defendant complained of herein have been without the authorization or consent of GMA.

44. Defendant acts alone and via its customers have caused and will continue to cause irreparable harm and injury to GMA.

45. The activities of Defendant, complained of herein, constitute infringement of GMA's trademarks for bags, hats and headgear in violation of Section 43(a) of the Lanham Act, 15 U.S.C. 1125(a).

COUNT III – VIOLATION OF THE NEW YORK ANTI-DILUTION STATUTE

46. As a cause of action and ground for relief, GMA alleges that Defendant is engaged in deceptive trade practices in violation of the New York Anti-Dilution Statute, and incorporates herein by reference each and every allegation set forth in Paragraphs 1 through 45 as if fully set forth herein.

47. Section 360-1 of the New York General Business Law provides: "Likelihood of injury to business or of dilution of the distinctive quality of a mark or trade name

shall be a ground for injunctive relief in cases of infringement of a mark... or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.” N.Y. Gen.Bus. Law sec. 360-1.

48. Defendant has engaged in trademark infringement and unfair competition by manufacturing, marketing, selling and/or offering for sale products using the CAPPELLI mark.

49. Defendant has engaged in, and continues to engage in, trademark infringement and unfair competition by causing a likelihood of confusion or of misunderstanding as to the source, sponsorship, approval or certification of GMA’s products.

50. Defendant has engaged in, and continues to engage in, trademark infringement and unfair competition by causing a likelihood of confusion or of misunderstanding as to affiliation, connection or association of GMA’s products with Defendant’s products.

51. GMA has not consented to any sponsorship, approval, status, affiliation, or connection with Defendant’s products.

52. GMA has been irreparably damaged, and will continue to be damaged by Defendant’s trademark infringement and unfair trade practices and is entitled to injunctive relief, pursuant to N.Y.Gen.Bus.Law 360-1.

COUNT IV – UNFAIR COMPETITION UNDER NEW YORK’S COMMON LAW

53. As a cause of action and ground for relief, GMA alleges that Defendant is engaged in acts of trademark infringement, unfair competition and misappropriation in violation of the common law of the state of New York and incorporates herein by reference

each and every allegation set forth in Paragraphs 1 through 52 as if fully set forth herein.

54. Defendant has infringed GMA's trademarks and continues to do so, by manufacturing, marketing and/or selling products that infringe the CAPELLI trademark.

55. Defendant's acts constitute deception, fraud, false pretense, false promise, misrepresentation, or the concealment, suppression or omission of a material fact.

56. Upon information and belief, Defendant intends that others rely upon these unfair methods of competition and unfair or deceptive trade practices.

57. Defendant's deceptive business practices involve conduct addressed to the market generally and implicate consumer protection concerns because the deceptive practices have caused and continue to cause injury to consumers. Unless Defendant's acts are restrained by this Court, Defendant's deceptive business practices will continue and the public will continue to suffer great and irreparable injury.

58. Defendant's acts are likely to cause confusion, or to cause mistake, or to deceive as to affiliation, connection, or association with GMA, or origin, sponsorship, or affiliation of GMA's products by Defendant.

59. The public is likely to be confused as to the source and origin of GMA's products.

60. Defendant has misappropriated GMA's trade name, and upon information and belief continue to do so, by selling products that are ordered under a mark that is confusingly similar to GMA's line of "CAPELLI" products.

61. Defendant's trade name infringement is in violation of the common law of New York.

62. Defendant's aforesaid acts constitute infringement, tarnishment, dilution,

misappropriation, and misuse of GMA's trademark, unfair competition, palming-off and passing-off against GMA, and unjust enrichment by Defendant, all in violation of GMA's rights under the common law of New York.

63. Defendant's aforesaid acts are likely to cause confusion, or to cause mistake, or to deceive as to affiliation, connection, or association with GMA, or origin, sponsorship, or affiliation of GMA's products by Defendant.

64. The public is likely to be confused as to the source, origin, sponsorship, approval or certification of the parties' products.

65. GMA has suffered, and continues to suffer, substantial and irreparable injury as a result of Defendant's deceptive business practices and therefore GMA is entitled to injunctive relief under New York Common Law.

COUNT V – APPEAL OF THE TRADEMARK TRIAL AND APPEAL BOARD'S APRIL 4, 2011 DENIAL OF PLAINTIFF'S SUMMARY JUDGMENT MOTION

66. GMA repeats and realleges the allegations of paragraphs 1 through 65 as if fully set forth herein.

67. On September 28, 2005, Plaintiff filed a petition to cancel STRAWORLD, INC.'s CAPPELLI mark.

68. On August 28, 2006, the TTAB issued a judgment against STRAWORLD, INC. and granting Plaintiff's petition to cancel the registration of the CAPPELLI mark.

69. On October 24, 2006, the TTAB issued a judgment canceling STRAWORLD, INC.'s registration of the CAPPELLI mark.

70. DORFMAN subsequently purchased STRAWORLD, INC.

71. DORFMAN is in privity with STRAWORLD, INC.

72. On March 23, 2010, DORFMAN sought registration of CAPPELLI STRAWORLD, in standard characters, for “Handbags; Tote bags” Class 18 and “Hats” in Class 25, claiming first use in 2009.
73. On December 9, 2010, GMA filed a Motion for Judgment as a matter of law based on *res judicata* of the August 28, 2006 Order that canceled STRAWORLD INC.’s registration of the CAPPELLI mark.
74. On April 4, 2011, the Trademark Trial and Appeal Board (hereinafter, the “Board”) denied GMA’s motion.
75. Pursuant to 15 U.S.C. 1071(b)(1), Plaintiff seeks district court review of the TTAB April 4, 2011 decision denying Plaintiff’s summary judgment motion.
76. The Board wrongfully denied Plaintiff’s summary judgment motion.
77. The Board erred in its determination as to whether the opposition proceeding is based on the same set of transactional facts as the prior cancellation order.
78. The Board failed to properly apply the test used for the purpose of determining whether or not the prior order is *res judicata* in a later proceeding.
79. The Board failed to recognize that the statute governing the cancellation of a mark and the statute governing the opposition to the registration of a mark are substantially identical, and therefore the proofs necessary to prove one cause of action must satisfy the other.
80. The Board also erred by holding there was an issue of fact as to whether CAPPELLI and CAPPELLI STRAWORLD were confusingly similar. The Board did not assess well-settled case law that adding another word to a single word mark is not sufficient to overcome the likelihood of confusion between marks.

81. Accordingly, the TTAB decision should be reversed in that its 2006 judgment canceling the mark CAPPELLI acts to preclude DORFMAN from obtaining a registration to the mark CAPPELLI STRAWORLD.

COUNT VI – CANCELLATION OF CAPELLI STRAWORLD, INC. MARK

82. GMA repeats and realleges the allegations of paragraphs 1 through 81 as if fully set forth herein.

83. The mark CAPPELLI STRAWORLD, INC. remains on the Principal Register of the USPTO under Registration No. 2,326,188 (“188”), though it has been abandoned.

84. The mark CAPPELLI STRAWORLD INC. stopped being used to identify bags or hats years ago with no intent to resume use in the reasonably foreseeable future.

85. CAPPELLI STRAWORLD, INC. ceased doing business of any kind over two years ago.

86. The mark CAPPELLI STRAWORLD INC. stopped being used to identify bags or hats over 3 years ago.

87. The mark CAPPELLI STRAWORLD, INC. has not been used at any time to identify and sell bags or hats by DORFMAN.

88. In 2009, CAPPELLI STRAWORLD, INC. and DORFMAN executed a sham assignment.

89. Upon information and belief, the assignment of CAPPELLI STRAWORLD, INC. to DORFMAN was fraudulent because at the time when the assignment was made, it stated that CAPPELLI STRAWORLD, INC. was in use, when it was not.

90. DORFMAN was aware that if the assignment did not state that the mark was in use

that it would be defective.

91. CAPPELLI STRAWORLD, INC. is a defunct company, and the company that was formally known as CAPPELLI STRAWORLD, INC. is now operating as GREEN PALMS STRAW WORLD, INC.

92. The mark CAPPELLI STRAWORLD, INC. should be canceled pursuant to 15 U.S.C. §1119.

WHEREFORE, the plaintiff, GMA ACCESSORIES, INC., prays:

A. That this Court adjudge that Defendant has infringed, tarnished and diluted GMA's CAPELLI trademark, competed unfairly, engaged in deceptive trade and business practices, and committed consumer fraud as set forth herein, in violation of GMA's rights under New York Law as well as §§ 35 and 43(a) of the Lanham Act, 15 U.S.C. §§ 1114 and 1125(a).

B. That pursuant to 15 U.S.C. 1116, Defendant and its owners, suppliers, distributors, sales companies, sales representatives, salespersons, representatives, printers, officers, directors, agents, servants, employees, affiliates, attorneys, successors, and assigns, and all persons in active concert or participation therewith, including but not limited to their distributors and retailers, be preliminarily and permanently enjoined and restrained from (1) reproducing, copying, displaying, the word mark CAPPELLI or any mark similar to, or substantially indistinguishable therefrom, including CAPPELLI STRAWORLD and (2) advertising, promoting, importing, selling, marketing, offering for sale or otherwise distributing their infringing products in connection with the word mark CAPPELLI or any mark similar to, or substantially indistinguishable therefrom, including CAPPELLI STRAWORLD and (3) holding themselves out as, or otherwise representing

themselves to be, the owners of, or otherwise authorized to use, the CAPPELLI mark or (4) from in any other way infringing GMA's "CAPELLI" word mark or (5) effecting assignments or transfers, forming new entities or associations or utilizing any other means or devices for the purpose of circumventing or otherwise avoiding the prohibitions set forth in numbers (1) through (4) hereof.

C. That Defendant be required to deliver up for destruction all products, brochures, signs, packaging, labels, promotional materials, advertisements, prints, catalogues, wrappers, receptacles, and other written or printed materials that bear the "CAPPELLI" word mark, and any plates, molds, and other materials for making such infringing products.

D. That Defendant be directed to file with this Court and to serve upon GMA within three (3) days after service of the injunction issued in this action, a written report under oath, setting forth in detail the manner of compliance with paragraphs B and C, pursuant to 15 U.S.C. 1116(a).

E. That GMA recover Defendant's revenue less allowable deductions that defendant can prove pursuant to both New York law and the Lanham Act.

F. That the TTAB decision denying summary judgment on *res judicata* grounds be reversed pursuant to 15 U.S.C. §1071(b)(1).

G. That the mark CAPPELLI STRAWORLD, INC. be canceled pursuant to 15 U.S.C. §1119.

H. That GMA be awarded treble damages pursuant to 15 U.S.C. 1117(b).

I. That GMA be awarded statutory damages at its option in an amount authorized under 15 U.S.C. § 1117(c).

J. That GMA be awarded its attorneys fees pursuant to 15 U.S.C. § 1117(a).

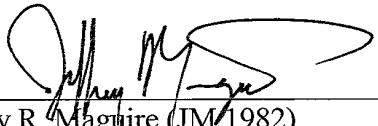
JURY DEMAND

GMA respectfully requests a trial by jury as to all issues.

Dated: New York, New York
July 26, 2011

Respectfully Submitted,

BOSTANY LAW FIRM, PLLC

By: _____

Jeffrey R. Maguire (JM/1982)

Attorney for Plaintiff GMA Accessories, Inc.

75 Wall Street, Ste. 24F

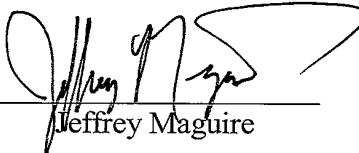
New York, New York 10005

(212) 530-4400

Jeffrey Maguire, an attorney duly licensed to practice in the state of New York, hereby affirms under penalty of perjury: deponent is not a party to the action, is over 18 years of age and works at 75 Wall Street, New York, New York 10005. On July 26, 2011, deponent served the FIRST AMENDED COMPLAINT dated July 26, 2011 on:

<u>Attorney</u>	<u>Address</u>	<u>Party</u>
Michael James Cronen, Esq.	Zimmerman & Cronen, LLP 1330 Broadway, Ste. 710 Oakland, California 94612	Dorfman-Pacific

the said address(es) for that purpose by depositing the same enclosed in a post-paid, properly addressed wrapper, in an official depository under the exclusive care and custody of the United States Postal Service within the State of New York.



Jeffrey Maguire

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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GMA ACCESSORIES, INC.,	:	Docket No.: 11-CV- 3731 (RJH)(THK)
	:	
Plaintiff,	:	
	:	
- against -	:	
	:	
DORFMAN-PACIFIC CO., INC.,	:	DEFENDANT’S ANSWER AND
	:	COUNTERCLAIM
	:	
Defendant.	:	
-----X		

Defendant Dorfman-Pacific Co., Inc. (“DP”) hereby answers Plaintiff GMA Accessories, Inc.’s (“GMA”) First Amended Complaint as follows.

ANSWER
Nature of the Case

DP’s owns by assignment the trademark CAPPELLI STRAWORLD, INC.®, which has been in continuous use in commerce since at least as early as 1972. The mark is the subject of DP’s U. S. Trademark Registration No. 2,326,188, which issued on March 7, 2000. DP’s registration of CAPPELLI STRAWORLD, INC.® is presently “incontestable” under federal trademark law.

DP beats GMA’s alleged first use date by twenty (20) years. Since DP used its mark two decades before GMA’s alleged first use date, DP cannot “infringe” any GMA trademark rights as a matter of law and DP, therefore, denies the allegations set forth on page 1, paragraphs 1 and 2 of GMA’s First Amended Complaint.

Parties

1. DP lacks sufficient information to determine the truth or falsity of the allegations contained in paragraph 1 of the First Amended Complaint and, therefore, DP denies the allegations contained in paragraph 1 of the First Amended Complaint.

2. Denied.

3. Admitted.

4. Denied.

5. Denied.

Jurisdiction And Venue

6. DP admits that GMA purports to allege an action for unfair competition, pursuant to the Lanham Act, 15 U.S.C. §1121 and 28 §§1338, as well as claims arising under the laws of the State of New York, but Defendant otherwise denies the allegations contained in paragraph 6 of the First Amended Complaint.

7. Admitted.

Facts

8. Denied.

9. Denied.

10. Denied.

11. Denied.

12. Denied.

13. Denied.

14. Denied.

15. Denied.

16. Denied.

17. Denied.

18. Denied.

19. Denied.

20. Denied.

21. Denied.

22. Denied.

23. Denied.

24. Denied.

25. Denied.

26. Denied.

COUNT I

27. No response necessary.

28. DP admits that GMA alleges ownership of certain trademark registrations, but DP otherwise denies the allegations contained in paragraph 28 of GMA 's First Amended Complaint.

29. Denied.

30. Denied.

31. Denied.

32. Denied.

33. Denied.

34. Denied.

35. Denied.

36. Denied.

COUNT II

37. No response necessary.

38. Denied.

39. Denied.

40. Denied.

41. Denied.

42. Denied.

43. Denied. No such authorization is necessary.

44. Denied.

45. Denied.

COUNT III

46. Denied.

47. DP admits that GMA purports to allege an action under §360-1 of the New York General Business Law, but DP otherwise denies the allegations contained in paragraph 47 of the First Amended Complaint.

48. Denied.

49. Denied.

50. Denied.

51. Denied. No such consent is necessary.

52. Denied.

COUNT IV

53. Denied.

54. Denied.

55. Denied.

56. Denied.

57. Denied.

58. Denied.

59. Denied.

60. Denied.

61. Denied.

62. Denied.

63. Denied.

64. Denied.

65. Denied.

COUNT V

66. No response necessary.

67. DP admits that GMA alleges a Petition To Cancel a registration of CAPPELLI, on the Supplemental Register (which is a register for designations “not registrable on the principle register”), and that this was filed in the United States Trademark Office, before the Trademark Trial and Appeal Board, many years ago. That proceeding involved GMA’s allegations of common law ownership of the designation CAPELLINEWYORK. DP otherwise denies the

allegations of paragraph 67 of GMA's First Amended Complaint.

68. DP admits that GMA alleges a Petition To Cancel a registration of CAPPELLI, on the Supplemental Register (which is a register for designations "not registrable on the principle register"), was granted by the Trademark Trial and Appeal Board on purely procedural grounds, and not on the merits, many years ago. DP otherwise denies the allegations of paragraph 68 of GMA's First Amended Complaint.

69. See, response to paragraph 68. DP otherwise denies the allegations of paragraph 69 of GMA's First Amended Complaint.

70. Denied. Paragraph No. 70 fails to include a time or date to which the word "subsequently" pertains and on that basis DP denies the allegation of paragraph No. 70 of GMA's First Amended Complaint. Further, it is unclear what specific meaning GMA ascribes to the word "purchased", and DP therefore further denies the allegations of paragraph 70 of GMA's First Amended Complaint as vague and ambiguous. DP is Assignee and owner of "the registered trademark, CAPPELLI STRAWORLD, INC.®, United States Trademark Registration Number 2,326,188 registered March 7, 2000", including "all right, title, interest and goodwill in and to the registered trademark".

71. Denied. It is unclear what specific meaning GMA ascribes to the words "in privity with", and DP therefore denies the allegations of paragraph 71 of GMA's First Amended Complaint as vague and ambiguous. DP is Assignee and owner of "the registered trademark, CAPPELLI STRAWORLD, INC.®, United States Trademark Registration Number 2,326,188 registered March 7, 2000", including "all right, title, interest and goodwill in and to the registered trademark". DP otherwise denies the allegations of paragraph 71 of GMA's First Amended

Complaint.

72. Denied.

73. Denied. The TTAB denied GMA's Motion For Summary Judgment based on res judicata, not a Motion for Judgment as a Matter of Law (JMOL) as GMA alleges in its First Amended Complaint, and DP therefore denies the allegations contained in paragraph 74 of GMA's First Amended Complaint.

74. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

75. Denied. In accordance with the Court's ruling at the parties' pre-motion conference on July 28, 2011, DP will file a motion to dismiss GMA's purported appeal under Fed. R. Civ. P. Rule 12(b)(1) for lack of subject matter jurisdiction on the grounds that the TTAB's Order denying GMA's Motion For Summary Judgment on the basis of res judicata is an interlocutory order which may not be appealed until after entry of final judgment on the merits. Because the Court lacks subject matter jurisdiction over GMA's purported appeal, it may not "seek district court review of the TTAB" Order denying GMA's Motion For Summary Judgment based on res judicata, and DP therefore denies the allegations contained in paragraph 75 of GMA's First Amended Complaint.

76. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

77. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

78. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

79. Denied. The allegations contained in paragraph 79 of GMA's First Amended Complaint are nonsensical and it is unclear what specific meaning GMA ascribes to the words "statute governing", and DP therefore denies the allegations of paragraph 79 of GMA's First

Amended Complaint as vague and ambiguous. See, response to paragraph 73 of GMA's First Amended Complaint.

80. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

81. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

COUNT VI

82. No response necessary.

83. Denied. DP is Assignee and owner of "the registered trademark, CAPPELLI STRAWORLD, INC.®, United States Trademark Registration Number 2,326,188 registered March 7, 2000", including "all right, title, interest and goodwill in and to the registered trademark" "for tote bags and handbags made of straw and rayon in Class 18" and "for women's hats made of straw, felt, velvet and cotton, in Class 25." DP's registered trademark was first used "in commerce" at least as early as 1972, and has been used continuously since then. DP's registered trademark is presently in use as clearly evidenced by a search of internet search engines, such as google, Firefox, yahoo, etc., and internet websites, such as amazon.com, ebay.com, etc.

84. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

85. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

86. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

87. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

88. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

89. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

90. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

91. Denied.

92. Denied. See, response to paragraph 73 of GMA's First Amended Complaint.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

1. As a first and separate defense to GMA's First Amended Complaint, DP alleges there is no reasonable dispute regarding DP's ownership, and the validity and incontestible status, of DP's "registered trademark, CAPPELLI STRAWORLD, INC.®, United States Trademark Registration Number 2,326,188 registered March 7, 2000", that DP is the senior user of its registered trademark, which was first used interstate "in commerce" at least as early as 1972, that DP's registered trademark has been used continuously since then and, therefore, there is no evidence which would support GMA's claims for relief in this action.

SECOND AFFIRMATIVE DEFENSE

2. As a second and separate defense to GMA's First Amended Complaint, DP alleges that the Amended Complaint fails to state a claim upon which relief can be granted.

THIRD AFFIRMATIVE DEFENSE

3. As a third and separate defense to GMA's First Amended Complaint, DP alleges that GMA's claims are barred by the doctrine of unclean hands and/or fraud on the Trademark Office, including filing false declarations of use which identified goods not in use when declarations were signed and filed with the Trademark Office, GMA's improper submission of modified specimens of use in connection with the trademark registrations alleged in GMA's First Amended Complaint, GMA's non-use of the mark of said alleged registrations as a trademark,

and non-use of the mark of said alleged registrations for the goods described therein.

FOURTH AFFIRMATIVE DEFENSE

4. As a fourth and separate defense to GMA's First Amended Complaint, DP alleges that GMA's claims are barred because the similarities between the parties' trademarks alleged in GMA's First Amended Complaint relate solely to an unprotectable, descriptive term, "CAPPELLI", which is the Italian word for "hats", as in:

"[a] cappello romano (literally Roman hat) is a hat with a wide, circular brim and rounded rim worn outdoors in some countries by Catholic clergy"

"There are some, mostly minor, differences in the designs of cappelli, depending on the rank of the wearer. The pope wears a red cappello with gold cords. Cardinals formerly also had the privilege of wearing a red cappello, but this rule was overturned by Paul VI, and now Cardinals' cappelli are black, as are those of all other clerics. A cardinal may have a cappello with red and gold cords with scarlet lining. [But,] [c]appelli for deacons and seminarians have no distinguishing items." (Emphasis added).
<wikipedia.org/wiki/Cappello_romano>

Therefore, as a matter of law, GMA cannot assert exclusive rights to this term, and it cannot exclude DP, or any other business, from using the word "CAPPELLI" in connection with the sale of hats.

FIFTH AFFIRMATIVE DEFENSE

5. As a fifth and separate defense to GMA's First Amended Complaint, DP alleges that GMA's claims are barred by the doctrines of laches, acquiescence, and estoppel.

SIXTH AFFIRMATIVE DEFENSE

6. As a sixth and separate defense to GMA's First Amended Complaint, DP alleges that that there is no reasonable dispute that DP has not infringed upon any valid rights of GMA and

that, therefore, there is no evidence to support GMA's claims for relief in this matter.

COUNTERCLAIM

DP for its Counterclaim against GMA alleges the following.

THE PARTIES

1. DP is a California corporation.
2. Upon information and belief GMA is a New York corporation.

JURISDICTION AND VENUE

3. DP's counterclaims are brought under the Trademark Laws of the United States, Title 15 U.S.C. §1051 et seq.; and under state statutory and/or common law as hereinafter set forth. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §1338 in that this case arises under the Trademark Act of 1946 (known as the Lanham Act), 15 U.S.C. §1051 et seq.

4. The court has jurisdiction over all state statutory and common law claims in this matter pursuant to 28 U.S.C. §1367 (Supplemental Jurisdiction) and/or the principles of supplemental jurisdiction.

5. Venue is proper in this court under 28 U.S.C. §1391 as the judicial district in which GMA promoted, offered for sale, sold, shipped and otherwise marketed its accused products, and in which GMA resides, does business, and in which the claims arose or a substantial amount of the property that is the subject of the action is situated.

FIRST CAUSE OF ACTION (Infringement of Federally Registered Trademark)

6. DP repeats and incorporates by reference the allegations contained in the

preceding paragraphs of this Answer and Counterclaims as though the same were fully set forth herein.

7. This is a cause of action for violations of Section 32 of the Lanham Act, 15 U.S.C. §1114.

8. For ninety (90) years, DP has marketed and sold apparel products, including hats, caps, headgear, and tote bags. DP sells its products to the general consuming public, both in the United States and internationally.

9. DP is Assignee and owner of “the registered trademark, CAPPELLI STRAWORLD, INC.®, United States Trademark Registration Number 2,326,188 registered March 7, 2000”, including “all right, title, interest and goodwill in and to the registered trademark” “for tote bags and handbags made of straw and rayon in Class 18” and “for women’s hats made of straw, felt, velvet and cotton, in Class 25.” DP’s registered trademark was first used “in commerce” at least as early as 1972 and has been used continuously since then. DP’s registered trademark is presently in use as clearly evidenced by a search of internet search engines, such as google, Firefox, yahoo, etc., and internet websites, such as amazon.com, ebay.com, etc. DP’s registered trademark is widely known to the consuming public as indicating the source of DP’s products of the highest quality and distinguishing DP’s products from the products of its competitors in the marketplace.

10. DP’s CAPPELLI STRAWORLD, INC.® Trademark Registration No. 2,326,188 is “incontestable” under Section 15 of the Lanham Act, 15 U.S.C. §1065.

11. DP uses its registered trademark, CAPPELLI STRAWORLD, INC.®, throughout the United States, including within this judicial district, through its extensive marketing, sales

and advertising efforts.

12. DP is the senior user of its registered trademark CAPPELLI STRAWORLD, INC.® when compared to the date GMA alleges it first used the mark of its alleged registrations.

13. GMA knew or should have known of DP's CAPPELLI STRAWORLD, INC.® mark and registration when it applied to register the alleged mark of its alleged registrations, i.e. "CAPELLI", but nevertheless continued to use the designations CAPELLINEWYORK and CAPELLINEWYORKKIDS, and falsely represented that these designations are GMA's registered trademarks.

13. Because DP is the senior user of its registered trademark CAPPELLI STRAWORLD, INC.®, any likelihood of confusion in this matter, as alleged in GMA's First Amended Complaint, violates of DP's trademark rights, and not GMA's rights, such that any alleged consumer confusion, mistake, or deception as to the affiliation, connection, or association of GMA and DP, or as to the origin, sponsorship, or approval of GMA's products by DP, is an infringement upon DP's incontestible federal trademark rights.

14. Likelihood of consumer confusion, mistake, or deception as to the affiliation, connection, or association of GMA and DP, or as to the origin, sponsorship, or approval of GMA's products, as alleged in GMA's First Amended Complaint, upon information and belief, has caused, and unless restrained and enjoined by this Court, will continue to cause, irreparable harm, damage and injury to DP, including injury to its reputation and goodwill, and lost sales, lost customers, and lost business opportunities.

15. GMA's alleged junior use and appropriation of the mark of its alleged trademark registrations, and alleged likelihood of confusion, is an infringement of DP's incontestible

trademark, CAPPELLI STRAWORLD, INC.®, which was willful, malicious, oppressive and in conscious disregard of DP's rights such that this is an exceptional case entitling DP to an award of reasonable attorney's fees and treble damages as provide by law.

16. DP has no adequate remedy at law.

**SECOND CAUSE OF ACTION
(False Designation Of Origin)**

17. DP repeats and incorporates by reference the allegations contained in the preceding paragraphs of this Answer and Counterclaim as though the same were fully set forth herein.

18. This is a cause of action for violations of Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a).

19. GMA's alleged junior use and appropriation of the mark of its alleged trademark registrations, and its alleged likelihood of confusion resulting therefrom, as set forth above, is a false designation of origin, a false and misleading description of fact, and a false and misleading representation of fact, which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of GMA and DP, and as to the origin, sponsorship, or approval of GMA's products. By its acts, GMA has caused, and unless restrained and enjoined by this court, will continue to cause, irreparable harm, damage and injury to DP, including injury to its reputation and goodwill, and, upon information and belief, lost sales, lost customers, and lost business opportunities.

20. GMA's false designation of origin and misrepresentations were willful, malicious, oppressive and in conscious disregard of DP's rights such that this is an exceptional case

entitling Defendants to an award of reasonable attorney's fees and treble damages as provide by law.

21. DP has no adequate remedy at law.

**THIRD CAUSE OF ACTION
(Common Law Trademark Infringement)**

22. DP repeats and incorporates by reference the allegations contained in the preceding paragraphs of this Answer and Counterclaim as though the same were fully set forth herein.

23. This claim is for trademark infringement at common law.

24. The acts of GMA in willfully adopting and using a mark that GMA's alleges is confusingly similar to DP's incontestible trademark, CAPPELLI STRAWORLD, INC.®, as above pleaded, constitutes infringement of DP's common law rights in and to its CAPPELLI STRAWORLD, INC.® trademark. By its acts, GMA has caused, and unless restrained and enjoined by this court, will continue to cause, irreparable harm, damage and injury to DP, including injury to its reputation and goodwill, and, upon information and belief, lost sales, lost customers, and lost business opportunities.

25. DP has no adequate remedy at law.

**FOURTH CAUSE OF ACTION
(Common Law Unfair Competition)**

26. DP repeats and incorporates by reference the allegations contained in the preceding paragraphs of this Answer and Counterclaim as though the same were fully set forth herein.

27. This is a claim for unfair competition at common law.

28. The wrongful conduct of GMA as junior user of its alleged confusingly similar mark in advertising and sales materials constitutes unprivileged imitation and palming or passing off of GMA's products as being sponsored, affiliated or associated with DP which creates a likelihood of confusion and mistake in the minds of the public as to the source of GMA's products and further creates the false impression that DP is responsible for the nature and quality of GMA's products.

29. GMA's wrongful conduct as alleged herein has the effect of injuring DP in connection with the sale of DP's products, and has the further effect of materially diluting the reputation of DP and damaging DP's goodwill associated with its products which has been created by DP's substantial efforts and expenditures.

30. GMA has unfairly competed with DP by the acts complained of, has done so intentionally, and has caused irreparable harm. Unless GMA is restrained by the Court, it will continue to cause irreparable harm, damage, and injury to DP, including to its reputation and goodwill, and, upon information and belief, lost sales, lost customers, and lost business opportunities.

31. GMA's unfair competition with DP is willful, malicious, oppressive, and in conscious disregard of DP's rights, and DP therefore requests that enhanced damages are assessed against Defendants in an amount to be established at trial.

32. Plaintiff has no adequate remedy at law.

**FIFTH CAUSE OF ACTION
(Cancellation Of GMA's Alleged Trademark Registrations)**

33. DP repeats and incorporates by reference the allegations contained in the

preceding paragraphs of this Answer and Counterclaim as though the same were fully set forth herein.

34. This is a claim for cancellation of GMA's alleged trademark registrations under 15 U.S.C. §1119.

35. GMA's First Amended Complaint alleges that GMA owns the following United States Trademark Registration Nos.: 3,241,182; 3,241,184; 3,246,017; 3,248,875; 3,258,734; 3,273,451; 3,322,312, for the designation "CAPELLI", which is the Italian word for "hair".

36. GMA's alleged registered mark is merely descriptive in that said designation is an apt and common term used to describe goods of the nature described in said registrations.

37. GMA is not entitled to exclusive use of the designation in GMA's alleged trademark registrations, and GMA's alleged mark does not function to identify GMA's goods and distinguish them from those offered by others due to the wide-spread use of this term by many others in the marketplace, including for both competing and non-competing products and services, such hair salons, hair and related products .

38. GMA's alleged registrations are for the common descriptive name of articles included in GMA's description of goods and has become the generic name of such goods. DP is likely to be damaged by GMA's registrations of said generic term as this tends to impair DP's rights.

39. GMA abandoned said registered marks by discontinuing use of said marks in connection with the goods recited therein which tends to impair DP's rights.

40. DP's use of the name and mark CAPPELLI, including its common law usages, predates GMA's alleged use and, therefore, GMA cannot be considered as having senior rights

to the name and mark CAPPELLI, and any likelihood of confusion, as alleged by GMA, impairs DP's rights of seniority, and DP's continuous and legal use of its said mark since at least as early as 1972 should result in the cancellation of GMA's alleged trademark registrations.

41. GMA's registrations were wrongfully obtained and should be cancelled because the formal application papers filed by GMA stated that the registered mark was being used in association with goods offered by GMA when, in fact, upon information and belief, GMA's registered marks were not being used in association with such goods.

42. GMA's registrations were wrongfully obtained and should also be cancelled because GMA improperly submitted modified specimens of use in connection with the trademark registrations alleged in GMA's First Amended Complaint, GMA is not using the mark of GMA's alleged registrations as a trademark, and GMA is not using the mark of the alleged registrations for the goods described therein.

WHEREFORE, the defendant, Dorfman-Pacific Co., Inc., prays:

1. That this Court enters judgment in favor of Defendant on all claims of the foregoing Counterclaim, and against Plaintiff on all claims of Plaintiff's First Amended Complaint.

2. For temporary, preliminary and permanent injunctions enjoining Plaintiff from: (a) using Defendants' CAPPELLI STRAWORLD, INC.® trademark and any confusingly similar or colorable variation thereof, including CAPELLINEWYORK, CAPELLINEWYORKKIDS, and CAPELLI; (b) falsely marketing, selling, offering for sale, distributing, advertising, licensing, or otherwise disposing of any products, packaging or advertisements, using or otherwise incorporating Defendant's CAPPELLI STRAWORLD, INC.® trademark and any

confusingly similar or colorable variation thereof, including CAPELLINEWYORK, CAPELLINEWYORKKIDS, and CAPELLI ; (c) engaging in any false or misleading advertising which may, or is likely to, lead the trade or public to believe that any product provided, distributed, or sold by Plaintiff is in any manner associated with Defendant, or is sold, manufactured, licensed, sponsored, approved, or authorized by Defendants, or which falsely describes the nature, quality or origin of Plaintiff's products; and (d) assisting, aiding or abetting any other person or business entity from engaging or performing any of the activities referred to in sub paragraphs (a) through (c) above.

3. That Plaintiff, and all those in privity or concert with it who receive actual notice of this order, be required to deliver up for destruction all products, all catalogs, prints, packages, promotional and advertising material, customer receipts of any kind, in their possession or under their control, bearing Plaintiff's infringing and unfairly competing designations, CAPELLINEWYORK, CAPELLINEWYORKKIDS, and CAPELLI, or any confusingly similar variations thereof, or any appearance or simulation, reproduction, counterfeit copy or colorable imitation thereof.

4. That Plaintiff be directed to file with this Court and to serve upon Defendant within ten (10) days after service of the requested injunction a written report under oath, setting forth in detail the manner of compliance with the Court's directive.

5. That Plaintiff's purported attempt to appeal the TTAB decision denying summary judgment on the basis of res judicata be dismissed for lack of subject matter jurisdiction.

6. That GMA's alleged United States Trademark Registration Nos. 3,241,182; 3,241,184; 3,246,017; 3,248,875; 3,258,734; 3,273,451; and 3,322,312, be cancelled and that

Defendant's counterclaim for cancellation of GMA's alleged trademark registrations be sustained in favor of Defendant.

7. For an award of Defendant's lost profits and compensatory damages according to proof, including Plaintiff's revenue less allowable deductions that Plaintiff proves, pursuant to state and federal law.

8. For an award of additional compensatory damages to compensate Defendant for corrective advertising.

9. For an award of any additional profits of Plaintiff resulting from Plaintiff's wrongful activities as alleged herein.

10. For an award of enhanced damages for Plaintiff's trademark infringement, false designations of origin and acts of unfair competition.

11. For costs and reasonable attorneys' fees as provided by law.

12. For prejudgment and post judgment interest; and

13. For such other and further relief as the Court deems just and proper.

JURY DEMAND

Defendants hereby respectfully request that the issues in this case be tried to a jury.

Respectfully submitted,

Dated: August 7, 2011

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CERTIFICATE OF SERVICE

GMA Accessories, Inc. v. Dorfman-Pacific Co., Inc.
Case No. : 11-CV- 3731 (RJH)(THK)
United States District Court
Southern District of New York

I, Michael J. Cronen, hereby certify that this paper [Answer and Counterclaim] is being deposited with the United States Postal Service on August 8, 2011 postage pre-paid, addressed to the following:

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